

DIAM REGISTRY
76-5539

21 SEP 1976

Mr. Donald G. Ogilvie
Associate Director for National
Security and International Affairs
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Ogilvie:

Enclosed are three copies of CIA's report of progress made to implement the Presidential Management Initiatives during September, as well as information on travel as requested in your letter of September 16, 1976. Ms. Blandin has been quite helpful in devising procedures for reporting that respect the sensitive nature of intelligence.

Sincerely,

15/
James H. Taylor
Comptroller

Enclosures

Distribution:

Original - Addressee, w/enc
1 - Marjette Blandin, w/enc
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INITIATIVE: 1

TITLE: Decisionmaking and Departmental Organization

STATINTL

DEPARTMENT/AGENCY: Central Intelligence Agency

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE: [REDACTED]

1 MBO Program

Review agency objectives for possible improvement and include those necessary to carry out actions directed by the President.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Directorate Submissions	6 September 1976	
b. DDCI Review	22 September 1976	Postponed until DDCI returns to Washington.
c. Provide to OMB Examiner	27 September 1976	Postponed to coincide with OMB examiner's review of FY 1978 budget

INITIATIVE: 2

TITLE: Evaluation of Current Programs

STATINTL

DEPARTMENT/AGENCY: Central Intelligence Agency

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE: [REDACTED]

I. Efficiency Evaluations

A. Prioritization of Inspection Requirements (began 1 August 1976)

Ensuring that all components of the Agency are adhering to the restrictions laid down in Executive Order 11905 and the implementing of CIA regulations is among the DCI's most important tasks. The Agency's Office of the Inspector General, which bears primary responsibility for this task, will do an overall survey of all directorates within the next several months to identify components and activities warranting more detailed inspections and to assign priorities to the subjects selected for study.

- | Action Steps | Estimated Completion Date | Remarks |
|--------------------------------|---------------------------|---------------------------|
| a. Begin DDO and DDS&T reviews | 1 August 1976 | Underway and on schedule. |
| b. Begin DDI and DDA reviews | 15 August 1976 | Underway and on schedule. |

B. SIGINT Study (began 9 August 1976)

A task force is studying CIA's SIGINT missions to develop recommendations concerning the consequences of consolidating the program.

- | Action Steps | Estimated Completion Date | Remarks |
|--|---------------------------|-------------------|
| a. Draft interim response on HAC team report | 30 August 1976 | Report completed. |

C. Production Support Activities (to begin 15 September 1976)

A DDI Production Support Task Team has been established to evaluate the centralization of the Directorate's production support functions in one component as a means of improving product quality/uniformity and for possible resource savings. Because a study about reorganization of the production offices [REDACTED] is due in November, the schedule for a report on the impact of consolidation of production support activities has been rescheduled. Milestones for the new schedule follow.

STATINTL

- | Action Steps | Milestones | Estimated Completion Date | Remarks |
|--------------------------|--------------------------------|---------------------------|--|
| a. Organization meetings | Define parameters of the study | 15 September 1976 | Meetings held. Terms of reference accepted. Schedule shortened. Research assignments made. Data gathered by committee on word processing. Report is being drafted. |
| b. Submit report to DDI | | 1 October 1976 | Being expedited. |

INITIATIVE: 4

Approved For Release 2002/01/08 : CIA-RDP83-01004R000100110004-8

TITLE: Contracting Out and Holding Down Overhead Costs

STATINTL

DEPARTMENT/AGENCY: Central Intelligence Agency

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE: [REDACTED]

B. Travel

We are forwarding reports required in Bulletin No. 76-9, supplement number 1 on control of official travel, as attachment number 1. Plans for achieving travel savings in FY 1977 and 1978 will follow soon.

C. ADP Practices

During FY 1977 CIA plans to initiate additional procedures to improve upper-level management control of the many requirements being placed upon the Agency's central ADP facilities, administered by the Office of Data Processing (ODP), to keep these requirements within the bounds of ODP resource limitations. It is intended that Agency components requiring the use of ODP resources will make their requests within "service-unit" ceilings which their Directorates will have arranged with ODP in advance, under the authority of the Comptroller.

As the year progresses, components' actual use of ODP resources will be compared monthly with planned use by means of an existing automated system which translates ODP machine and personnel resource usage data into serviceunits. When necessary, service-units will be re-distributed on an intraDirectorate and inter-Directorate basis by the Agency's Deputy Directors and Comptroller.

NOTE: Amounts in thousands of dollars.

EXHIBIT
Bulletin No. 76-9
Supplement No. 1REPORT ON FY 1976 TRAVEL COSTS AND SAVINGS IN OBJECT CLASS 21.0
TRAVEL AND TRANSPORTATION OF PERSONS

PART I. COSTS AND SAVINGS:

Agency	FY 1975 travel costs (actual)	FY 1976 travel costs (actual)		Difference: col. (3) minus col. (1)	Est. of FY 1976 savings based on revised travel plans
	2nd half (1)	1st half (2)	2nd half (3)		
Department of Government					
Central Intelligence Agency	10,060	10,200	9,343	-717	1,082

PART II. DISCUSSION OF METHODS USED TO ACHIEVE ECONOMIES AND SAVINGS:

Careful screening of travel proposals to assure essentiality of each trip, the minimum number of persons traveling and the duration of the trip.

Continuous reminders to program managers of shortage of funds available for travel and reemphasizing the need to cancel all but essential travel.

Reducing authorization for car rentals; encouraging use of subcompacts or economy models when auto rental necessary.

PART III. EXPLANATION OF INCREASES.

We estimate that approximately 50% of travel expenditures represent cost of per diem and subsistence rates and 50% represents travel costs such as common carrier fares and mileage allowance:

- \$701 increase in per diem and subsistence rates.
- \$374 increase in common carrier rates and other travel costs.

Although Agency totals reflect a decline in travel costs for second half FY 1976 compared with second half FY 1975, several significant increases in extent of travel were reported by certain components:

PART III. EXPLANATION ON INCREASES (Continued)

- (\$29) Travel incident to the external investigations of CIA increased travel expenditures in first half FY 1976. In keeping with recommendations by the Rockefeller Commission and the Senate Select Committee the size of the IG Staff was tripled in FY 1976, and a new program of component inspections was undertaken during second half FY 1976.
 - (\$62) Unsettled international conditions required significant revisions in [REDACTED] coverage patternsSTATSPEC
 - (\$27) State Department requests for additional biographic data collection support and publications procurement support increased the number and duration of field trips.
 - (\$20) Greater number of PCS rotations necessary to staff field procurement office.
 - (\$110) Increase in travel by personnel recruiters due to closing of field offices. (It should be noted that this increased travel by recruiters has resulted in an over-all savings, such as salaries, office rentals and administrative support.)
- STATINTL
- (\$95) Unplanned travel which was associated with implementation of Overseas Personnel Protection plan.
- [REDACTED]

CENTRAL INTELLIGENCE AGENCY

Approved For Release 2002/01/08 : CIA-RDP83-01004R000100110004-8

22 OCT 1976

Mr. Donald G. Ogilvie
Associate Director for National
Security and International Affairs
Office of Management and Budget
Washington, D.C. 20503

Dear Don:

Enclosed are three copies of the second monthly progress report of the Central Intelligence Agency in compliance with the President's Management Initiatives. The report takes account of the specific requests for supplemental information in your letter of 16 September 1976. I hope that these additional details will provide an adequate response to answer your questions. Let me assure you that CIA will continue to support this effort to improve management in the Federal Government.

Sincerely,

STATINTL

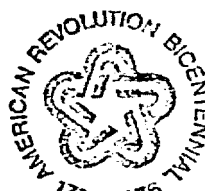
James H. Taylor
Comptroller

Enclosure

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MONTHLY REPORT for October 1976

INITIATIVE: ~~Approved For Release 2002/01/08 : CIA-RDP83-01004R000100110004-8~~

TITLE: Decisionmaking and Departmental Organization

DEPARTMENT/AGENCY: Central Intelligence Agency

25X1A

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE: [REDACTED]

II. MBO Program

Review Agency objectives for possible improvement and include those necessary to carry out actions directed by the President.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Directorate submissions	6 September 1976	Completed.
b. DDCI review	13 September 1976	Completed 4 October 1976. Review postponed pending DDCI return to headquarters.
c. Provide to OMB examiner	15 September 1976	Postponed pending DDCI review. Objectives provided 4 October 1976. Detailed information transmitted to OMB examiner 15 October 1976.

III. Decisionmaking

Develop and utilize checklist approach to decisionmaking.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Distribute OMB Guidance	15 August 1976	Proposed checklist discussed by Comptroller with DDCI and four Deputy Directors on 18 August; OMB guidance on checklist sent to meeting participants same day.
b. Review usage and utility	14 October 1976	Usage and utility of decision-makers' checklist approach was reviewed at the morning meeting of senior Agency managers. There was general agreement that the approach, somewhat modified for the unique requirements of the Agency, added a useful dimension to other aspects of the decision-making process.

TITLE: Evaluation of Current Programs

DEPARTMENT/AGENCY: Central Intelligence Agency

25X1A

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE: [REDACTED]

II. Efficiency Evaluations

B. SIGINT STUDY

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Draft interim response on HAC team report	30 August 1976	Interim report completed.
b. Coordinate response with IC Staff and NSA	30 September 1976	Coordination underway.
c. CIA position paper to be complete	12 November 1976	Deadline set by Executive Advisory Group, to dovetail with need to develop joint CIA/NSA paper by 1 January 1977.

C. Production Support Activities

A DDI Production Support Task Team was established in September 1976 to evaluate centralization of the Directorate's production support functions in one component as a way to improve product quality and uniformity and to save resources.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Organization meetings	15 September 1976	Meetings held. Terms of reference accepted. Research assigned. Data gathered. Report being drafted.
b. Submit report to DDI	2 November 1976	Date changed to permit exchange of data with outside contractor doing study of alternative reorganization schemes for DDI.

The regular evaluation process of the Operations Directorate identified certain stations in the Persian Gulf area that could be closed because they appeared only marginally productive.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
a. Study initiated to determine if efforts should or could be made to improve productivity or whether one or more should be closed.	1 July 1976	Study begun on 1 July 1976 and in progress. Initial findings presented at Division level.
b. Forward report to DDO	1 December 1976	To be included in participation in Congressional budget exercise.

E. Review of China Reporting

The regular Operations Directorate evaluation process identified possible redundant reporting between the overt collection of the [REDACTED] and the clandestine collection of other Operations Directorate components on the People's Republic of China.

<u>Action Steps</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
Study initiated to identify subjects and topics covered by both systems, and to develop recommendations to eliminate needless redundancy, and to strengthen areas of unique reporting.	1 October 1976	Study in progress.

TITLE: Contracting Out and Holding Down Overhead Costs

DEPARTMENT/AGENCY: Central Intelligence Agency

25X1A

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE: [REDACTED]

II. Overhead Costs

A. Overhead Cost Identification System

Overhead costs are routinely recorded and monitored through the budgetary system of financial reporting, approvals and controls administered by the CIA Comptroller. Agency-wide analyses, including analyses of overhead costs, are performed as required by the Resources Staff of the Office of the Comptroller. Further support to the Comptroller is provided by analyses of costs of support services done by each functional component responsible for delivering that service. Management of such services is located within the Administration Directorate. The following are just a few examples of such overhead cost analyses: The Contract Review Board in the Office of Logistics has responsibility for contract management of purchase orders and contracts for supplies and services. The Office of Data Processing serves as the Agency's focal point for review (including cost-benefit analysis of alternatives) and coordination of all automatic data processing acquisitions originating with other Agency components. In the case of GSA-provided services, the Real Estate and Construction Division of the Administration Directorate is the central point for analysis and verification of Standard Level User Charges as they apply to CIA headquarters and to field locations [REDACTED]

B. Travel

The following are methods and procedures that will be taken during 1977 to minimize travel costs and eliminate nonessential travel:

--Overall management of travel by Agency employees:

- the Travel Policy Committee will review and evaluate Agency travel policies to improve efficiency, reduce costs, and facilitate equity and consistency in the execution of travel policy and regulations;
- each authorizing official at the component level has reviewed annual travel plans and will during the year evaluate individual travel requests to determine the need for travel, alternatives to travel, the most economic means of travel, and the duration of time a traveler spends at the destination; and

notice [REDACTED] disseminated in February 1976 (submitted to OMB in August) and the guidelines of OMB Bulletin No. 76-9, Supplement No. 2, Methods and Procedures for Curtailing Official Travel and Reducing Travel Costs.

--Measures to be taken in addition to the above:

- monthly reviews of upcoming travel will be held by authorizing officials to revalidate travel requirements and eliminate non-essential travel;
- some recruiting activities, investigation of some Equal Employment Opportunity complaint cases, as well as counseling by EEO officers may be conducted over open or secure telephone lines rather than by travel;
- commensurate with legal, operational and security requirements, EEO counseling will be conducted by in-country counselors;
- to the extent feasible, lengths of tour for overseas stations will be examined for extension beyond two years;
- approval of two consecutive tours of duty with home leave to reduce costs associated with permanent changes of station will be considered;
- in selected cases, employees may be authorized to proceed from one permanent change of station assignment to the next without reporting to headquarters for administrative processing or training;
- compact car rental policy will be strictly enforced;
- maximum use will be made of GSA-sponsored car rental facilities;
- student group travel will be reviewed to ensure that it is essential to the completion of a course or seminar and has as its destination a location as close as possible to where the course is being conducted;
- when possible, manufacturer or contractor instructors will be brought to the headquarters area to teach, thereby saving the cost of sending several employees on temporary duty to the instructor's place of business for instruction; and
- more self-administered training courses will be designed for use by employees overseas, thereby reducing temporary duty travel to headquarters for training.

Proposed steps to achieve savings in telephone equipment and usage in 1977.

- To make employees more aware of the costs of leasing of telephone facilities, Agency notices will be published highlighting the charges involved with providing the following services: installation and relocation or telephone instruments and lines; dial "9" local calls; Wide Area Telecommunications Services (WATS); and non-published telephone service.
- To determine if items of equipment and facilities may be surplus to our needs, the Chesapeake and Potomac Telephone Company will be asked to conduct traffic studies of main and satellite switching facilities. Providing satisfactory service can be maintained, surplus equipment will be discontinued.
- All invoices for non-published telephone long distance calls will be monitored to ensure that non-published lines, which are more expensive than WATS facilities, [REDACTED]
- Administrative and support officers will conduct surveys of their divisions and staffs to identify items of telephone equipment and facilities that are surplus and can, therefore, be discontinued.

TITLE: Personnel Management

DEPARTMENT/AGENCY: Central Intelligence Agency

25X1A

RESPONSIBLE OFFICIAL: James H. Taylor, Comptroller TELEPHONE: [REDACTED]

III. Position and Classification Management

One of the results of the review of the 1978 program in July 1976 was recognition by senior management of the Central Intelligence Agency of the need to have even more precise knowledge of how our present position allocations relate to individual substantive assignments. This has called into question the applicability of the present system of occupational coding.

The objective of the inventory is to determine in detail, for each component: (1) relationships between personnel carrying out missions and functions and those performing supervisory, administrative and supporting roles, (2) the number of supervisory echelons overlaying functional components, and (3) the relative distribution of personnel resources to substantive intelligence targets.

<u>Action Step</u>	<u>Milestone</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
Conduct inventory of personnel	Devise questions to be answered by inventory.	30 October 1976	Schedule revised to avoid interference with DDI organizational review.
	Plan implementation of inventory and make tentative work assignments.	15 November 1976	
	Complete directorate inventories.	15 December 1976	
	Compile results.	1 February 1977	
Review inventory for evidence of excessive layering or subdivision	Complete review	15 March 1977	
	Develop recommendations	15 April 1977	
Review personnel classification system in light of inventory results		30 April 1977	

Establish guide- Review inventory to 36. 15 June 1977
lines for assist determine current
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and to" positions situation.

Develop any necessary
new guidelines.

Adjust personnel
classification
system as necessary

30 September 1977

IV. Productivity Measurement

The listing of areas in which productivity measurement is applied within CIA that was included in our 24 August report was a sample only; in one form or another, productivity measurement is used throughout the Agency. Of the many other activities on which data are compiled, the following may be of particular interest.

The Operations Directorate uses the framework of the Management by Objectives system to measure the quantitative output of the component offices of the Directorate and to assess accomplishment of Directorate-wide objectives. This effort is complemented by regular evaluative processes which provide the qualitative dimension. Specifically, intelligence reports are regularly graded for quality. These data are computerized and then analyzed by reporting priorities that are established for the Directorate in answering the key intelligence questions that drive the national intelligence effort. Accumulation of these data bases allows comparisons of current performance with past performance and helps management plan for future intelligence collection. Further evaluation is provided by regular, systematic gathering of evaluative comments from the customers of intelligence, both inside and outside the Agency.

The Operations Directorate also maintains a computerized data bank for audio operations that permits measurement of the productivity of specific operations, various techniques and types of targets, in terms of both graded intelligence disseminations and operational data produced. Financial data input into the system yields cost/result analysis. This evaluation process covers all audio programs and is conducted at least twice a year.

In the offices that produce finished intelligence, productivity is routinely monitored through a system of quarterly production plans and reviews of contractual actions. These reviews permit focusing research and analysis on those developments requiring the attention of the professional intelligence officer, and they permit a concurrent assessment of the alternative of external assistance for the most economic approach to a given intelligence problem.

From time to time, external and internal studies are undertaken to determine if organizational structure and work procedures can be altered to increase productivity and improve efficiency: this is now going on in the DDI, where an internal study of the merits of combining production support components is being complemented by an external contractor who is to recommend organizational realignments of the production offices to increase the quality of their outputs.

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exploratory research and development program, which reflects the conscious management decision to apply high technology equipment and procedures to enhance many phases of the intelligence process. Virtually all the research projects involve development of new, better, faster, or easier-to-use equipment, techniques or methods of analytic work. At each step of this process, productivity measures appropriate to the specific task are used to evaluate effectiveness of the R&D product to the intelligence need.

It is, of course, in the fields of clandestine activities and substantive intelligence production that productivity measurement must be approached with the greatest care. In these fields, quality criteria are far more important, and more difficult to compile and judge, than quantitative data. Moreover, CIA is constantly involved in preparing for contingencies--contingencies that in many cases will not arise if Agency programs are effective.

The development and compilation of productivity data in the Agency is a process that is fully integrated into both budget development and management evaluation and control. In each Directorate, management control during the operating year and development of staffing and budget proposals for future years are carried out concurrently, primarily through periodic reviews of component performance and plans conducted by the Deputy Directors. Given the extreme personnel pressures under which CIA is now operating, productivity measurement data has proved invaluable both for identifying programs of marginal utility that can be considered for elimination and for identifying areas in which rising productivity offers opportunities for reducing staffing levels. The two reviews of DDO reporting referred to in our earlier report on efficiency evaluations are illustrative of the first type of use. The very substantial reductions in Communications personnel that have been made in the face of the rapid growth of the workload of the communications network over the past several years are a particularly good example of the second kind of use.


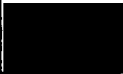
ROUTING AND RECORD SHEET

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SUBJECT: (Optional)

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TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS
	RECEIVED	FORWARDED	
1. DIRECTOR OF PERSONNEL 5E13	10 NOV 1976		DB
2. HQS.			
3. DDA Per	1 NOV 1976		M
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Attached for your information are the following:

(1) Office of the Comptroller monthly reports to OMB for September and October 1976 on the Presidential Management Initiatives actions, and

(2) A memorandum for Senior Agency Managers from the DDCI dated 28 October 1976, Subject: Recent and Potential Changes in CIA Management.

Distribution:
1 - Each Office Director
1 - A/I/DDA

X 1 - each DDCI, DDA
1 - Chion

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